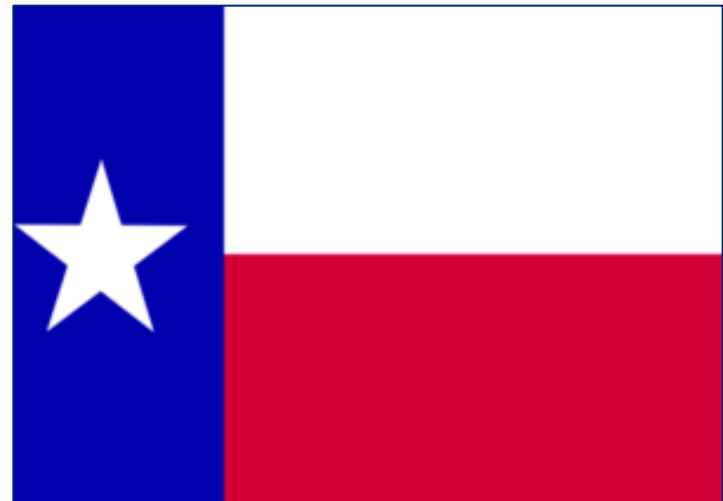


USEITI Revenue Reporting & Reconciliation Process Webinar

March 10th, 2015

Houston, TX



Agenda

Introductions	Deloitte & ONRR
USEITI Background & Overview	ONRR
Reporting Process Overview Reporting Process Timeline Reporting Materials Reporting Process General Information	Deloitte
Reporting Template & Guidelines Overview General Reporting Template Overview Revenue Streams Overview Office of Natural Resources Revenue (ONRR) Bureau of Land Management (BLM) Office of Surface Mining Reclamation and Enforcement (OSMRE) Internal Revenue Service (IRS) Additional Requests Reporting Template Submission	Deloitte, ONRR, BLM, OSMRE, & IRS
Reconciliation Process Overview	Deloitte
IA Contact Information	Deloitte
Open Q & A	All

Introductions

Independent Administrator (IA) Team:

In attendance: Greg Arend & Alex Klepacz

Other team members: John Mennel, Jane Kapral, AJ Maxwell, & Kate Mancino

Office of Natural Resources Revenue (ONRR)

In attendance: Debbie Tschudy, Robert Kronebusch, & Jon Swedin

Bureau of Land Management (BLM)

In attendance: Alan McConnell & Esther Velasquez

Office of Surface Mining Reclamation and Enforcement (OSMRE)

On the phone: Sean Spillane & Maria Barragan

Internal Revenue Service (IRS)

In attendance: Curtis Carlson



U.S. Department of Interior

Office of Natural Resources Revenue (ONRR)



Deputy Director Debbie Tschudy
Office of Natural Resources Revenue



The EITI Standard

The Extractive Industries Transparency Initiative, or EITI, is a global standard that promotes revenue transparency and accountability in the extractive sector.

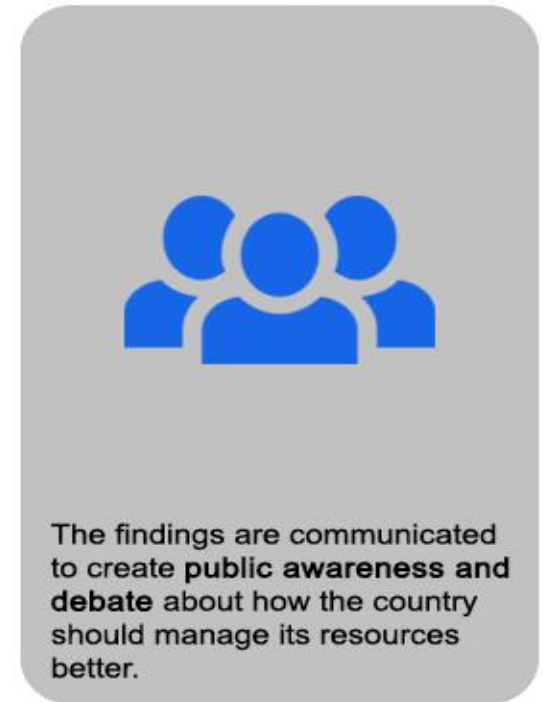
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USEITI Implementation

- **September 2011** – President Obama announced U.S. commitment to implement EITI as part of the Open Government National Action Plan
- **February 2013** – DOI hosted the 1st USEITI Multi-Stakeholder Group (MSG) Meeting
- **December 2013** – Secretary Jewell submitted the USEITI Candidacy Application on behalf of the MSG
- **March 2014** – The EITI Board approved the USEITI application and admitted the U.S. as a Candidate Country
- **September 2014** – ONRR hired an Independent Administrator to support USEITI Implementation
- **December 2014** – DOI launched an online Data Portal
- **December 2015** – Publish 1st USEITI Report

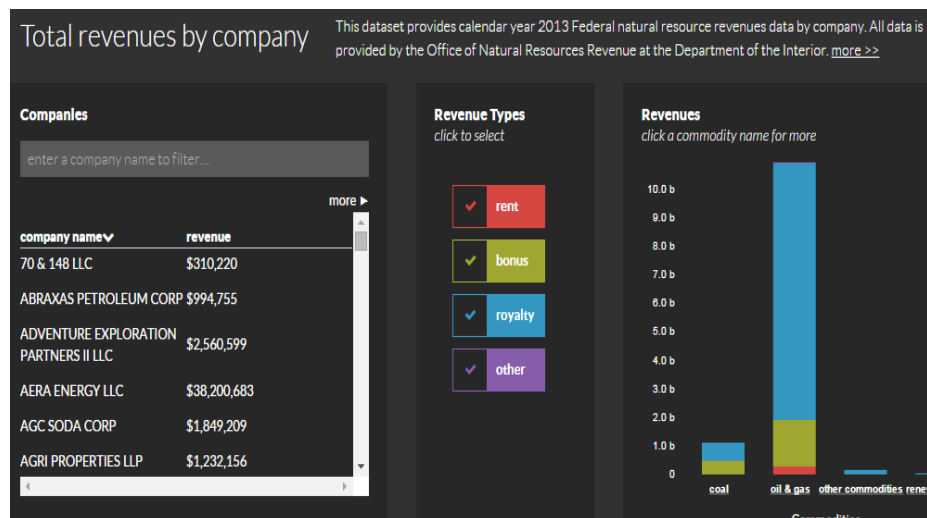
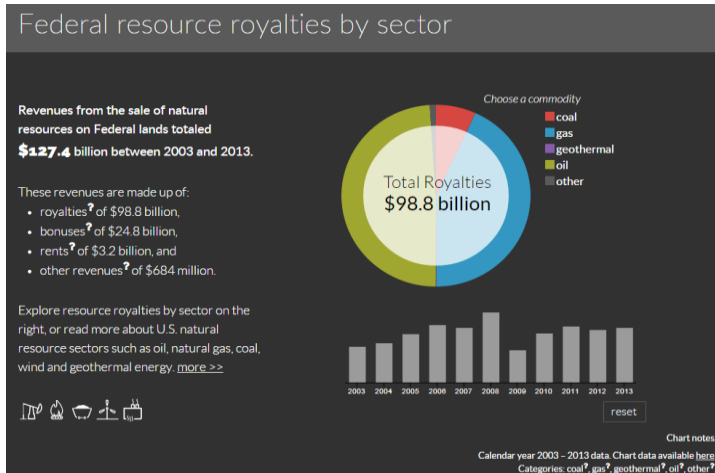


DOI's Online Data Portal

useiti.doi.gov

- Unprecedented transparency and accessibility of extractive revenue data
- For the first time, disclosure of ONRR revenue data at a company-level
- Developed in partnership with GSA's 18f Program using open source software
- Developed in collaboration with a diverse range of end users at stakeholder design workshops
- Combines interactive data visualizations & detailed data sets to enhance user experiences

USEITI





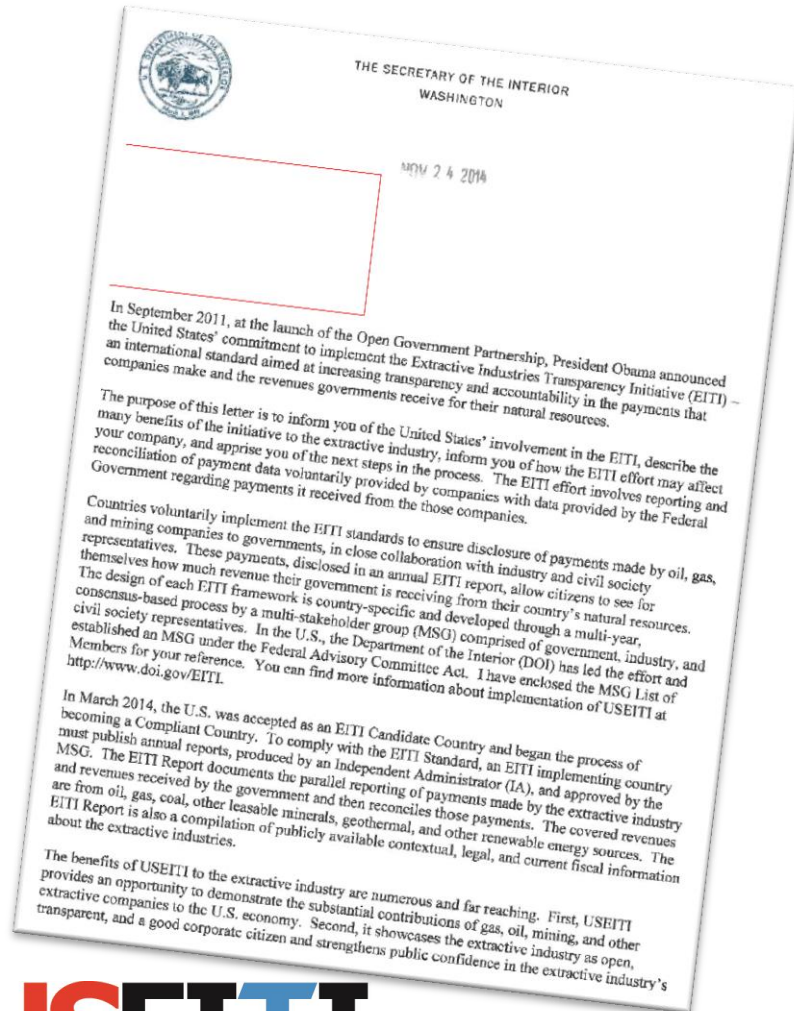
The Scope of USEITI

- **What commodities are included within the scope of the first USEITI Report?**
 - Oil, Gas (including NGLs), Coal, Geothermal, Onshore & Offshore Renewables, Other Leasable Minerals, Non-Fuel Minerals, and Other (as reported to ONRR)
- **Besides ONRR, what other government revenues are part of the Report?**
 - Within DOI, the reporting will include revenues reported to BLM, OSMRE, and ONRR
 - Outside of DOI, the reporting will include corporate tax payments made to the Internal Revenue Service
- **What revenue types are included for each of the DOI entities?**
 - BLM: Bonuses and first year rents, permit fees and renewable collections
 - OSMRE: AML fees including audits and civil penalties (including late charges)
 - ONRR: Bonuses, rents, royalties, other revenues (as defined by ONRR), offshore inspection fees, and civil penalties



Why USEITI is Valuable

- EITI is an international obligation that the US Government has undertaken and company participation is important to satisfy that obligation.
- It demonstrates commitment by the US extractives industry to transparency and highlights best practices in the US industry globally.
- USEITI highlights industry's financial contributions to the U.S.
- Participating companies will receive positive mention in the report
- Moving from candidate to full member status is a strategic priority for DOI this year



USEITI



Reporting Companies

- **What companies are expected to report?**
 - Companies with payments to ONRR greater than \$50 million in CY 2013 have been asked to report their CY 2013 payments for the 2015 USEITI Report
 - The CEO's of these companies received a letter from Secretary Sally Jewell in November 2014
 - Although company participation and disclosure for USEITI is voluntary, reporting is required under the EITI Standard and therefore highly encouraged by the USEITI MSG in order for the U.S. to achieve compliance



Data Reporting

- **What data will companies report?**
 - Payments to each government entity by revenue type for calendar year 2013
 - Reporting will not occur at a commodity level
- **Will the Reporting Template include detailed instructions for companies?**
 - Yes, detailed reporting guidelines include each government entity and revenue type
- **How can a company find out what payments are being reported for each line item on the DOI data portal?**
 - Companies can contact the ONRR employees listed at the end of this presentation to discuss ONRR unilateral data disclosure
- **What transaction codes are included in the ONRR revenue types?**
 - For ONRR revenues, a detailed list of transaction codes is included in the reporting template guidance



Data Reconciliation

- **What will the Independent Administrator (IA) do with the collected data?**
 - The IA reconciles the information disclosed by the reporting entities, identifies discrepancies, and distinguishes discrepancies that are above the established variance. The IA will not be rendering any form of opinion on the data provided.
- **Are the discrepancies resolved?**
 - Yes, the IA will contact the reporting entities and seek to clarify and resolve discrepancies above the established variance
- **What is the established variance?**
 - The USEITI Multi-Stakeholder Group began discussions on the variance threshold during the February MSG meeting and the variance will be decided at the May MSG meeting
- **Is the data reconciliation included in the USEITI Report?**
 - Yes, the results of the data reporting and the IA reconciliation are part of the USEITI Report



Reporting Companies

ALPHA WYOMING LAND COMPANY LLC	DEVON ENERGY CORP	OCCIDENTAL PETROLEUM CORP
ANADARKO PETROLEUM CORP	ENCANA CORP	PEABODY ENERGY CORP
ANKOR ENERGY LLC	ENERGY XXI LLC	QEP RESOURCES COMPANY
ARCH COAL INC	ENI USA INC	REPSOL E&P USA INC
ARENA ENERGY	EOG RESOURCES INC	SANDRIDGE ENERGY INC
BHP BILLITON LTD	EPL OIL & GAS INC	SHELL
BOPCO LP	EXXON MOBIL CORP	STATOIL
BP AMERICA INC	FIELDWOOD ENERGY LLC	STONE ENERGY
CHEVRON CORP	FREEPORT-MCMORAN O&G LLC	TALOS ENERGY LLC
CIMAREX ENERGY INC	HESS CORP	ULTRA PETROLEUM
CLOUD PEAK ENERGY INC	LINN ENERGY LLC	VENARI OFFSHORE LLC
COBALT INTERNATIONAL ENERGY LP	LLOG EXPLORATION OFFSHORE INC	W & T OFFSHORE INC
CONCHO RESOURCES INC	MARATHON OIL CORP	WALTER OIL & GAS CORP
CONOCOPHILLIPS	NEWFIELD EXPLORATION COMPANY	WPX ENERGY INC
CONTINENTAL RESOURCES INC	NOBLE ENERGY INC	



Contact Information

U.S. Extractive Industries Transparency Initiative (USEITI)

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The USEITI Secretariat

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202-208-0272

ONRR Data Disclosure

useiti.doi.gov

Jon Swedin, 303-231-3028

jonathan.swedin@onrr.gov






Bob Kronebusch, 303-231-3510

robert.kronebusch@onrr.gov



Reporting Process Overview

Reporting Process Timeline

	March	May	June	July
Reporting Templates Distributed	3/4 			
Reporting Webinar: Houston	3/10 			
Reporting Webinar: Denver	3/18 		Reporting Templates Due	
Company Reporting Period			6/17 	
Reconciliation & Potential IA Follow-Up				

Reporting Materials

Cover Letter

Deloitte.

March 4, 2015

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www.deloitte.com

As detailed in the communication from Department of the Interior (DOI) Secretary Sally Jewell to your company in November of 2014, the United States is implementing the Extractive Industry Transparency Initiative (EITI) in the United States and is seeking to issue its first report in December of 2015. For further details on the efforts to implement the EITI initiative in the US, please refer to <http://www.doi.gov/eitiusda.cfm>.

The Department of the Interior (DOI) has led the effort to establish a Multi-Stakeholder Group (MSG), comprised of government, industry, and civil society representatives, under the Federal Advisory Committee Act (FACA). The MSG has designated the first USEITI Report will include reconciliation of data from companies with at least \$50 million in total annual reported revenue to DOI's Office of Natural Resource Revenue (ONRR) in Calendar Year (CY) 2013. According to ONRR, your company's annual payments to ONRR exceeded \$50 million in CY 2013.

As part of the USEITI initiative, Deloitte & Touche LLP is serving as the Independent Administrator (IA) that will facilitate the execution of the revenue reconciliation process. This process includes the collection and reconciliation of revenue data from both companies and government entities as defined in scope by the MSG.

There will be two webinars held on March 10th and March 18th where the details of the data request and the guidance document and the reconciliation process will be explained and questions will be answered. Electronic invitations to the webinars have been sent; if you did not receive an invitation, please let us know and we can provide one.

This letter is to communicate the initiation of the USEITI data collection process and to provide the details of the data request. We have identified you as the appropriate contact within your company to receive and respond to this request.

Reporting Template

USEITI United States Extractive Industries Transparency Initiative

Reporting Template

General Information
(Line 1)

Corporate Entity Name: _____
Entity Type: _____
Period for Reporting: 12/31/2013 - 12/31/2013

Reported Payments
(Line 2)

Payment Type	Business Revenue	Reconciliation to Reporting Jurisdiction	Reconciled and (2013 \$)
ONRR			
Royalties		Table C-1	
Rent		Table C-2	
Leases		Table C-3	
Other Payments		Table C-4	
Oilfield Severance Pits		Table C-5	
Oilfield Production		Table C-6	
EITI			
Revenue and Cost Year Totals		Table C-7	
Permitted Sites		Table C-8	
Reservations		Table C-9	
ONRR			
Oil, Gas, and Coal Production and Life Charges		Table C-10	
Oilfield Production including Life Charges		Table C-11	
EITI			
Corporate Tax Payments to Internal Revenue Service (IRS)		Table C-12	

Reporting Guidelines

USEITI United States Extractive Industries Transparency Initiative

USEITI Reporting Template Guidelines

IRS Form 8821

8821 Tax Information Authorization

Form 8821 (Rev. October 2010)

Department of the Treasury
Internal Revenue Service

Information about Form 8821 and its instructions is at www.irs.gov/form8821.
Do not sign this form unless all applicable lines have been completed.
To request a copy or transcript of your tax return, use Form 4506, 4506-T, or 4506T-EZ.

1 Taxpayer Information. Taxpayer must sign and date this form on line 7.

Taxpayer name and address (type or print): _____
Taxpayer identification number(s): _____
Daytime telephone number: _____
Fax number (if applicable): _____

2 Appointee. If you wish to name more than one appointee, attach a list to this form.

Name and address: _____
CAF No.: _____
PTIN: _____
Telephone No.: _____
Fax No.: _____
Check if new: Address Telephone No. Fax No.

3 Tax matters. The appointee is authorized to inspect and/or receive confidential tax information for the tax matters listed on this line. Do not use Form 8821 to request copies of tax returns.

(a) Income, (Employment, Social Security, Estate, Gift, Capital, etc.) (see instructions)	(b) Tax Form Number (1040, 941, 700, etc.)	(c) Year(s) or Period(s) (see the instructions for line 3)	(d) Specific Tax Matters (see instr.)
Income	Not applicable	Calendar Year 2013	See attached

4 Specific use not recorded on Centralized Authorization File (CAF). If the tax information authorization is for a specific use not recorded on CAF, check this box. See the instructions. If you check this box, skip lines 5 and 6. ☐

5 Disclosure of tax information. You must check a box on line 5a or 5b unless the box on line 4 is checked:

a If you want copies of tax information, notices, and other written communications sent to the appointee on an ongoing basis, check this box. ☐
Note: Appointees will no longer receive forms, publications and other related materials with the notices.

b If you do not want any copies of notices or communications sent to your appointee, check this box. ☐

Reporting Process General Information

The IA will **not be rendering any form of opinion** on the data provided by your company. The IA will only be **facilitating a reconciliation of the data** reported by companies and government entities.

All **summary information** provided on the reporting template shall be treated as **public information**. This data **will be included in the final USEITI report** published in December 2015. Actual **completed templates** submitted by companies will remain as **working papers** of the IA and **not disclosed** to any third party other than ONRR unless required by law.

The **IA will take precautions to safeguard data** submitted by companies. These precautions are outlined in the Reporting Guidelines document and should be followed by reporting companies as well.

*Reporting templates are password protected

*IA will use security encrypted laptops

*IA will only request data needed

*Passwords will follow the government encryption standards

*IA will destroy unnecessary data

*IA will treat all data in this secure manner

Reporting Template & Guidelines Overview

General Reporting Template Overview

Companies should provide payment data only for the period Calendar Year (CY) 2013:

January 1, 2013 through December 31, 2013

The period in which fee activities occurred is not relevant. Companies should report amounts based on when the transactions to pay or report the fees actually occurred. Only the transactions occurring during CY 2013 should be included.

Companies should only report revenues associated with **Federal** properties only, except for the OSM AML fees which covers all ownership types.

All amounts reported on the Reporting Template should be in **USD**.

Revenue Streams Overview: Office of Natural Resources Revenue (ONRR)

Government Payee	Revenue Stream	Description
ONRR	Royalties	<p>All Royalties reported to ONRR on Form ONRR-2014 or CMP-2014, the Production and Royalty (P&R) Reporting System, or through direct billing activity</p> <p>Refer to Reporting Guidelines: Table C-1</p>
ONRR	Rents	<p>All Rents reported to ONRR on Form ONRR-2014, the Production and Royalty (P&R) Reporting System, or through direct billing activity</p> <p>Refer to Reporting Guidelines: Table C-2</p>
ONRR	Bonuses	<p>All Bonuses reported to ONRR on Form ONRR-2014, the Production and Royalty (P&R) Reporting System, or through direct billing activity</p> <p>Refer to Reporting Guidelines: Table C-3</p>
ONRR	Other Revenues	<p>All Other Revenues (not associated with the Royalties, Rents, or Bonuses revenue streams above) that are reported to ONRR on the Form ONRR-2014 or CMP-2014, Production and Royalty (P&R) Reporting System, or through direct billing activity</p> <p>Refer to Reporting Guidelines: Table C-4</p>
ONRR	Offshore Inspection Fees	<p>Fees for annual inspections performed by BSEE on each offshore permanent structure and drilling rig that conducts drilling, completion, or workover operations</p> <p>Refer to Reporting Guidelines: Table C-5</p>
ONRR	Civil Penalties	<p>Civil Penalties collected by ONRR on behalf of ONRR, BOEM, and BSEE</p> <p>Refer to Reporting Guidelines: Table C-6</p>

Revenue Streams Overview: Bureau of Land Management (BLM)

Government Payee	Revenue Stream	Description
BLM	Bonus and First Year Rentals	Payments made by the winning bidder of an onshore lease at a BLM lease sale Refer to Reporting Guidelines: Table C-7
BLM	Permit Fees	All Permit Fees paid such as Application for Permit to Drill Fees, Mining Claim and Holding Fees, any Fees paid pursuant to the Mineral Leasing Act, etc. Refer to Reporting Guidelines: Table C-8
BLM	Renewables	Wind, Solar, and Biomass Projects Refer to Reporting Guidelines: Table C-9

Revenue Streams Overview: Office of Surface Mining Reclamation and Enforcement (OSMRE)

Government Payee	Revenue Stream	Description
OSMRE	AML Fees	Abandoned Mine Land (AML) Fees including AML Fees assessed from audits as well as any late charges paid Refer to Reporting Guidelines: Table C-10
OSMRE	Civil Penalties	Civil Penalties assessed on violations of the Surface Mining Control and Reclamation Act including any late charges paid Refer to Reporting Guidelines: Table C-11

Revenue Streams Overview: Internal Revenue Service (IRS)

Government Payee	Revenue Stream	Description
IRS	Taxes	Corporate Tax Payments to IRS Refer to Reporting Guidelines: Table C-12

Applicable only to companies that pay consolidated federal income tax
(C Corporations)

Companies may also choose to allow for reconciliation of taxes.

- The IRS cannot release taxpayer information without explicit approval
- Refer to **Appendix B: Tax Reconciliation Opt-In Instructions** of the Reporting Guidelines document for details of how to complete the waiver process and submit **Form 8821**
- This form will allow your company to authorize the IRS to release your company's tax payment and refund transaction information

The USEITI report will **positively highlight** companies that choose to allow for reconciliation of tax payments.

Additional Requests

The EITI Standard requires that countries publishing annual EITI reports must document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report.

If your company has **audited financial** reports from any periods covered in calendar year 2013 that are **not publicly available**, we request that **you please provide those reports** with the submission of your completed template.

The IA **will not share or release these audited financial reports** with any third party and will employ appropriate measures to safeguard them. However, the EITI Standard does require that any gaps or weaknesses identified in those reports must be disclosed in the USEITI report.

Reporting Template Submission

We request that companies submit completed Reporting Templates to the USEITI IA no later than **Wednesday June 17th, 2015**.

Companies may submit completed Reporting Templates through email or through a mailed, physical hard copy.

For templates submitted by mail, please address to:

**US EITI Independent Administrator
C/O Deloitte & Touche, LLP
555 17th Street Suite 3600
Denver, CO 80202**

For electronic templates submitted by email, please send to:

USEITIDataCollection@Deloitte.com

Reconciliation Process Overview

The Reporting Template requests companies to **report only the total payment amounts** for each revenue stream. Companies may choose to provide additional information to support the summary payment amounts when submitting completed templates to facilitate the reconciliation, but this is not required.

The IA will **compare the summary payment amounts** reported on the template from each company to the revenue amounts reported to the IA by the government entities.

A **variance threshold** will be established for the reconciliation process. In the event that there are differences between amounts reported by companies and government entities for each revenue stream, **only the differences that exceed the variance threshold** will be investigated by the IA.

In the event a reconciliation difference exceeds the variance threshold, the IA will follow up with both the company and the government entity to request **additional information, such as transaction level details, to support the reported amount**. The IA will then review the transaction level details provided by the company and the government entity to attempt **to identify and resolve the reconciliation difference**.

Reconciliation Process Overview cont.

No supporting information provided to the IA will be disclosed to any third party other than ONRR **without the reporting entity's written consent**, unless law requires disclosure. Supporting information will remain as working papers of the IA and will **not** be **subject to Freedom of Information Act (FOIA) requests**.

The final USEITI Report will publish the amounts reported by each company and government entity for each revenue stream. Additionally, the report will highlight and explain any **reconciliation differences that were not able to be resolved**. Reconciliation differences that were investigated and resolved will not be disclosed.

The IA will communicate with companies throughout the reconciliation process. The IA will **discuss the investigation of all reconciliation differences** with companies before concluding that the differences can not be reconciled.

Tip for Reporting Companies:

Potential sources of discrepancies may include: payor codes, timing differences between payment and receipt, timing difference between company's accounting system and ONRR's system for date received, lumping of royalty and rents, etc.

IA Contact Information

The IA will be **available to work through questions and concerns** with reporting companies to help achieve a successful first year of USEITI. Questions or concerns related to the Reporting Template or Reporting & Reconciliation process can be directed to:

USEITIDataCollection@Deloitte.com

A member of the IA team will respond timely to your request and assist in resolving any issues.

Open Q & A

